A-I Company Background

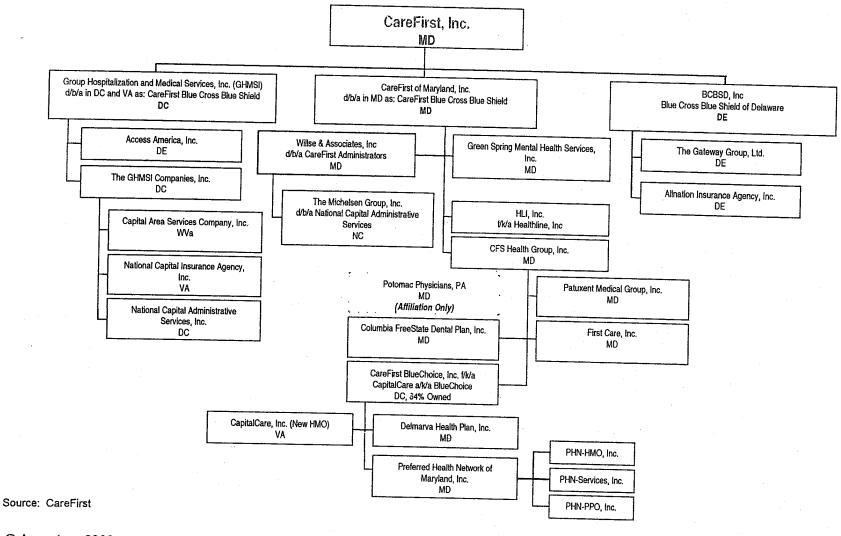
A-II Financial Information

A-III Health Care Industry Context

A-IV Impacts on Availability, Accessibility & Affordability

A-V Data Sources, Assumptions and Methodologies

Chari of Subsidiaries (December 2001)



Carefirst's Product Descriptions

CareFirst Group Products

(Offered to Fully Insured and Self-Insured Employer Groups)

Product	Product Description
Traditional and Comprehensive Major Medical Indemnity	 Traditional indemnity products offer first-dollar coverage with a wide range of benefit options. Comprehensive Major Medical Products provide payment for hospital, medical/surgical and professional services after deductible obligations are met.
Preferred Provider Organization (PPO)	 The PPO offers comprehensive coverage for hospital, medical/surgical and professional services within a provider network. Members using out-of-network providers are subject to a deductible and coinsurance. This product is offered to small employers in accordance with Maryland's small group coverage regulations.
Health Maintenance Organization (HMO)	 Currently offered under BlueChoice, BlueChoice Opt-Out, BlueChoice Opt-Out PLUS, Delmarva and Free State, CareFirst HMO's provide comprehensive major medical services from in-network providers. Members required to select a primary care physician to act as a gatekeeper.
Point of Service (POS)	 Point of Service products require members to designate a primary care physician, Members are able to receive care without going though their designated primary care provider, but pay greater out-of-pocket expenses. Products offered for point of service plans use CareFirst HMO or PPO networks already in place for in-network services and provide a range of out-of-network benefits. Maryland Point of Service (MPOS) allows members to access any PPO provider as in-network for specialty care. Blue Plus, Choice Advantage and Premier Select integrate CareFirst's capitated HMO provider networks and use the CareFirst's participating providers for out-of-network benefits. Blue Choice Opt-out and Blue Choice Opt-Out PLUS members can seek care from any network provider. Blue Choice Opt-Out members who chose out of network care will be balance-billed above plan allowance while Blue Choice Opt-out PLUS members who seek out of network care are subject to a calendar year deductible and coinsurance.

Source: CareFirst internal product marketing materials, 2001